CONSUMER INTENTIONS

TO BUY OR RENOVATE A HOME

A Look at Tomorrow's Customers Today

NATIONAL REVIEW

CMHC SCHL

HOME TO CANADIANS
Canada

Reports on *Consumer Intentions to Buy or Renovate a Home* are available for Vancouver, Calgary, Edmonton, Toronto, Montréal and Halifax.

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Overview of the Research

The 1999 *CMHC Survey of Consumer Intentions to Buy or Renovate a Home* is the second edition of this major national research project. The survey provides estimates of the numbers of potential home buyers and home renovators in six major urban markets. Home buyer and renovation "intenders" are identified using a detailed formula that includes both the expressed intentions of consumers and their actual home purchase or renovation behaviour and planning activities.

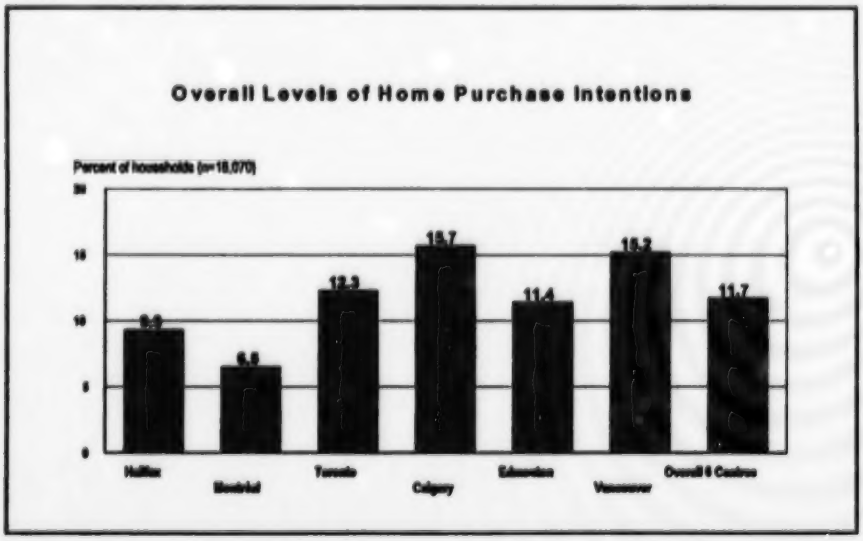
The survey was conducted between August 27 and October 3 in six cities: Vancouver, Calgary, Edmonton, Toronto, Montréal and Halifax. Five of the centres (not including Edmonton) were surveyed in 1998 so that year-to-year comparisons are possible. Edmonton was added to the survey in 1999. A representative sample of 18,070 consumers were surveyed - approximately 3,000 in each centre. Statistical estimates for each of the six centres from a large sample this size have a margin of error of +/- 1.8%, 19 times out of 20.

This national review provides an overview of the main findings from this unique research project. More detailed findings about consumers' home purchase and renovation intentions and about the survey methodology can be found in the detailed reports available for each of the six centres surveyed. These reports include a detailed set of statistical tables for the market.

1. Home Purchase Intentions

Over one in ten households are in the market to buy a home in 2000

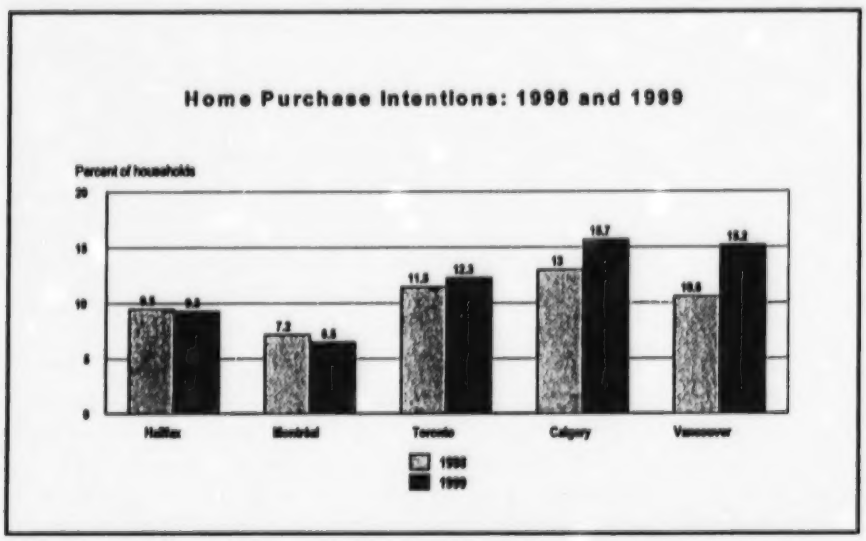
Across the six cities, an average of 11.7% of all households - representing almost 600,000 households - are in the market to buy a home in the next year. Demand is strongest in Calgary (15.7% of all households) and Vancouver (15.2%). More than one in 10 households in Toronto (12.3%) and Edmonton (11.4%) also intend to purchase a home in the next 12 months.



Demand to purchase a home has increased in Western centres

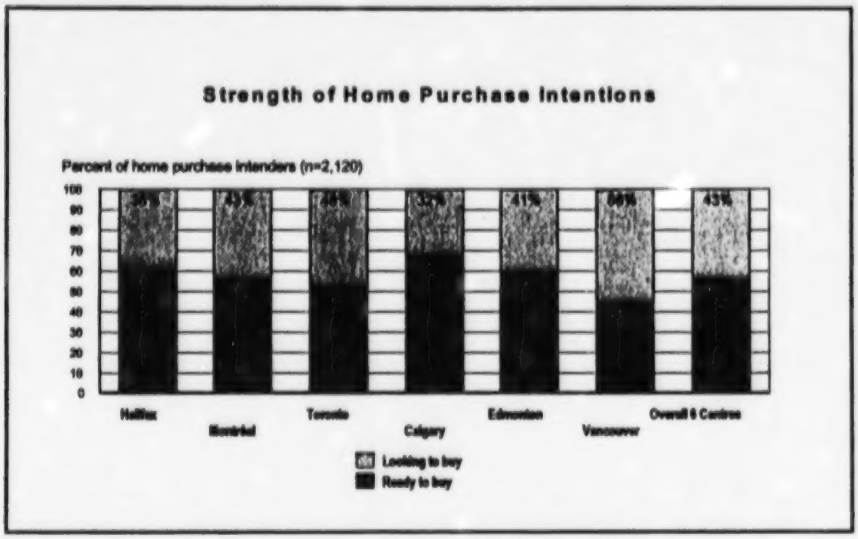
Overall home purchase intentions have increased by over 10% since 1998 (based on a five city comparison that excludes Edmonton). Demand to purchase a home has increased in Western centres and is relatively stable in other markets.

Vancouver - 15.2% of households intend to buy a home, an increase of 4.6% over last year.
Calgary - 15.7% of households intend to buy a home, an increase of 2.7% over last year.
Toronto - 12.3% of households are intending to buy a home, up 0.8% over last year.
Montréal - 6.5% of households intend buy a home, a small decrease of 0.7% from last year.
Halifax - 9.3% of households intend to buy a home, a slight decrease of 0.2% from last year.



6.7 percent of households are ready to buy now

Of the 11.7% of households who intend to purchase a home in the next year, 6.3% can be defined as *ready to buy* now and 5.4% are *looking to buy*. Those consumers who are ready to buy now have indicated a high likelihood of buying a home in the next 12 months and have also engaged in specific pre-purchase behaviours such as obtaining a pre-approved mortgage, talking to a realtor or builder, and listing their home for sale. Among the overall home purchase intender group, those in Calgary (68%) and Halifax (66%) are most likely to be ready to buy now.

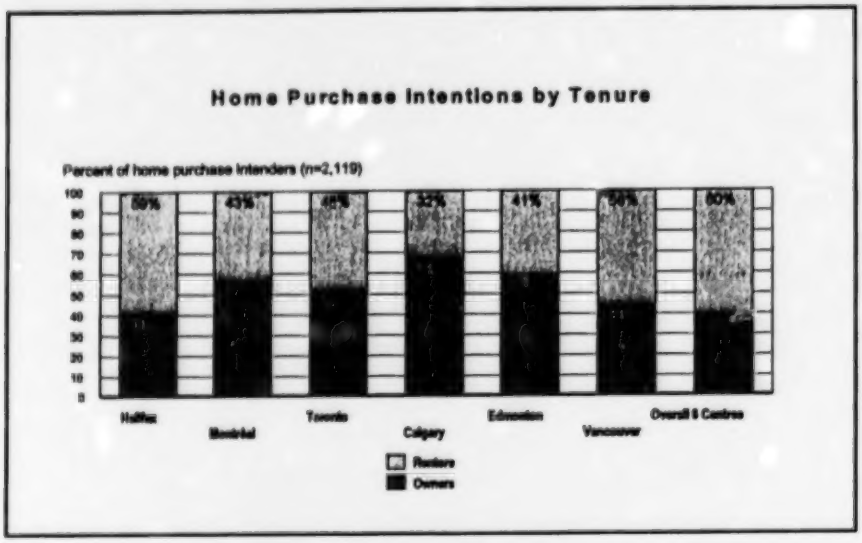


Most prospective buyers are renters

Across the six cities, 60% of home purchase intenders currently rent their dwelling and 40% own their home. This represents a small change in the renter/owner proportions from 1998 when 64% of purchase intenders were renters and 36% were owners. The renter/owner proportions are similar in the six markets, varying from 65% renters and 35% owners in Montréal to 56% renters and 44% owners in Vancouver.

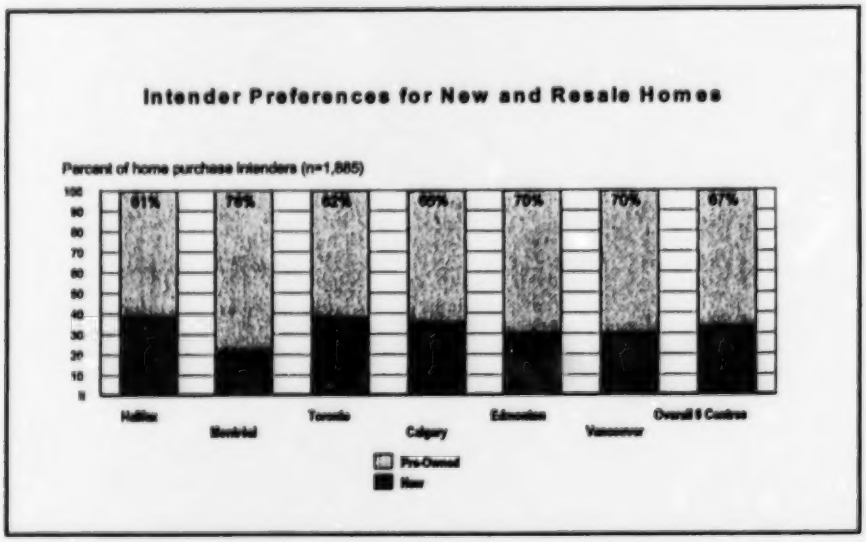
Across the six cities, 17.3% of all renters expressed an intention to buy a home in the next year compared to 7.9% of all homeowners. Renters are also more likely to be ready to buy now (9.3%) compared to homeowners (4.3%). Most renters intending to purchase a home are young: 52% are under 35 years of age and another 28% are aged 35 to 44.

The estimate of the number of homeowners who intend to buy a home in the next year has increased significantly from the 1998 survey. In September 1998, 6% of all homeowners expressed an intention to purchase a home compared to almost 8% in the September 1999 survey.



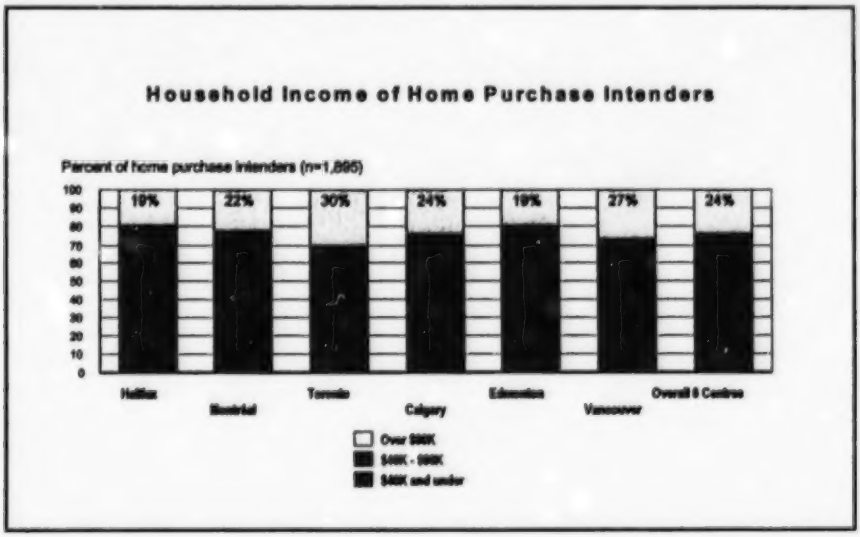
One-third of prospective buyers say a new home is their first choice

Across the six centres, 33% of home purchase intenders identified a new home and 67% identified a resale home as their first choice. Demand for new homes is strongest in Halifax (39%), Toronto (38%) and Calgary (35%). The preference for a new home is lower in Montréal (22%) than in other centres.



A majority of prospective home buyers are middle income households

Across the six centres, 51% of home purchase intenders have household incomes in the $40,000 to $80,000 income range. This result is consistent across the country, ranging from 48% in Montréal to 56% in Edmonton. Montréal (30%), Halifax (28%) and Calgary (27%) have more buyers in the under $40,000 income category than the other centres. Toronto (30%) and Vancouver (27%) have higher than average numbers of prospective buyers in the over $80,000 income category.

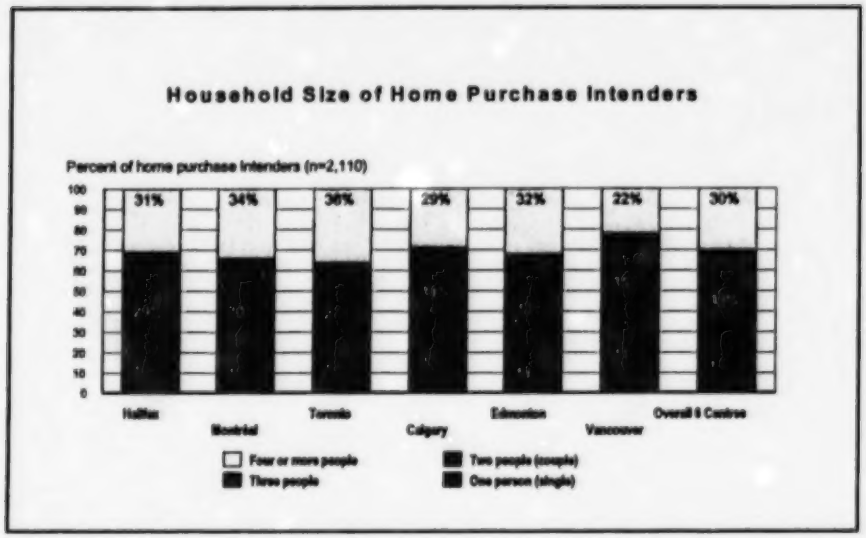


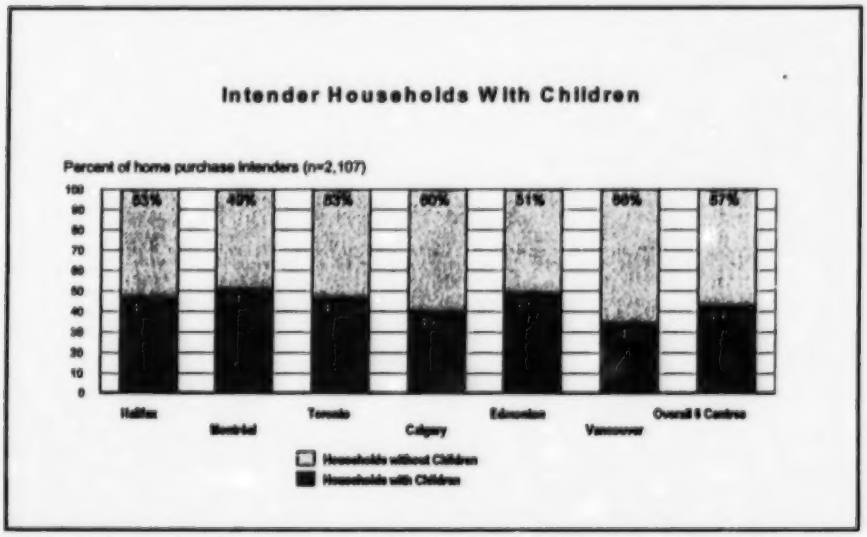
Half of home purchase intenders are single and two person households

Overall, 18% of home purchase intenders are singles and 32% are two person households. All of the singles (100%) and 91% of the two person households do not have children. Vancouver (24%) and Calgary (20%) have the highest proportion of buyers from single person households. Vancouver (35%) and Calgary (34%), along with Edmonton (33%), also have the highest proportion of couples intending to purchase a home.

Prospective buyers in Toronto (36%) and Montréal (34%) are the most likely to be in households with four or more people. Almost all the these households (89%) include children under 18. Vancouver (22%) has the fewest buyers in larger households with four or more people.

Overall, 43% of home purchase intenders are households with children under 18 and 57% are in households without children. Buyers in Vancouver (34%) and Calgary (40%) are less likely to be in households with children under 18.





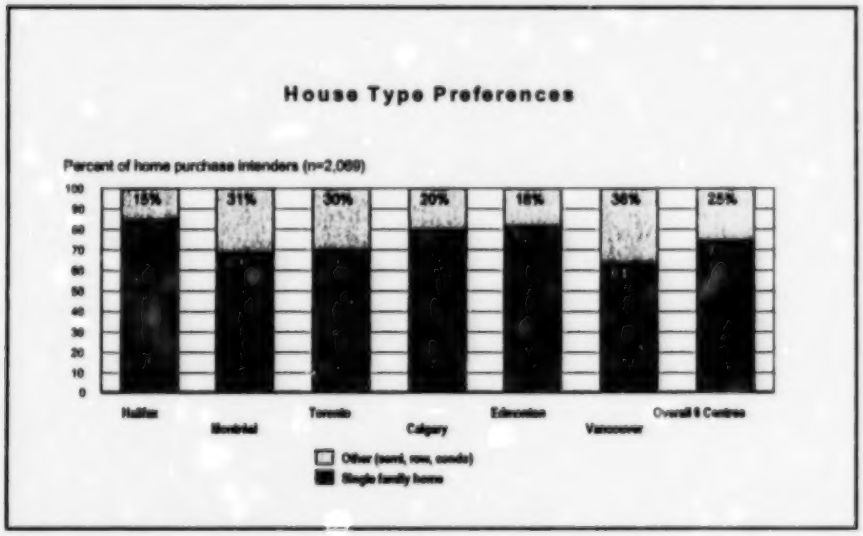
Three-quarters of buyers are looking for single detached homes

Across the six centres, 75% of prospective buyers expressed a preference for single detached homes. The preference for singles was strongest in Halifax (85%), Edmonton (82%) and Calgary (80%). Two-thirds of the prospective singles buyers also expressed a preference for resale homes (67%) over new homes (33%).

The following types of dwellings were preferred by the 25% of home purchase intenders who did not indicate a preference for singles:

- semi-detached or duplex - 7%;
- row or town house - 9%;
- apartment or condominium - 7%; and,
- other types of dwellings - 2%.

Home purchase intenders in Montréal (21%) and Toronto (11%) were more likely to prefer semi-detached or duplex structures than buyers in other centres. Buyers in Vancouver (14%) were the most likely to prefer apartments and condominiums.



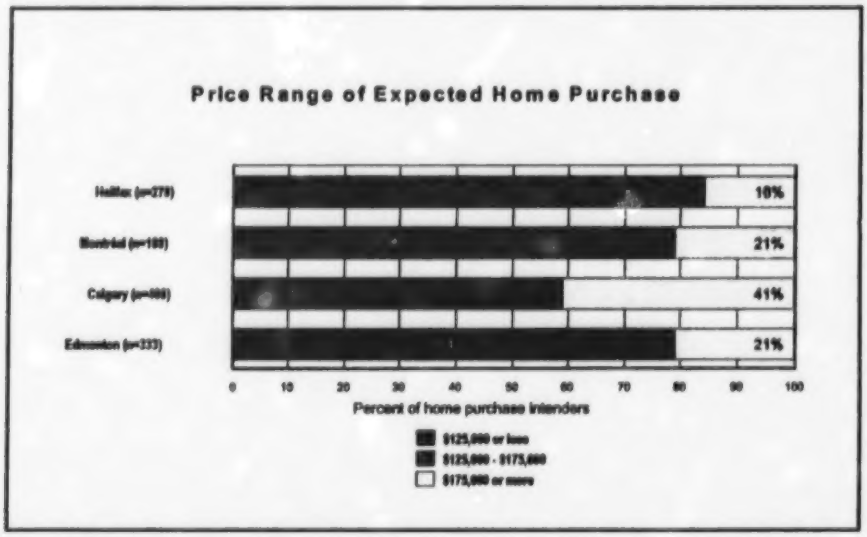
Halifax and Montréal are the only markets where a majority of buyers expect to pay $125,000 or less

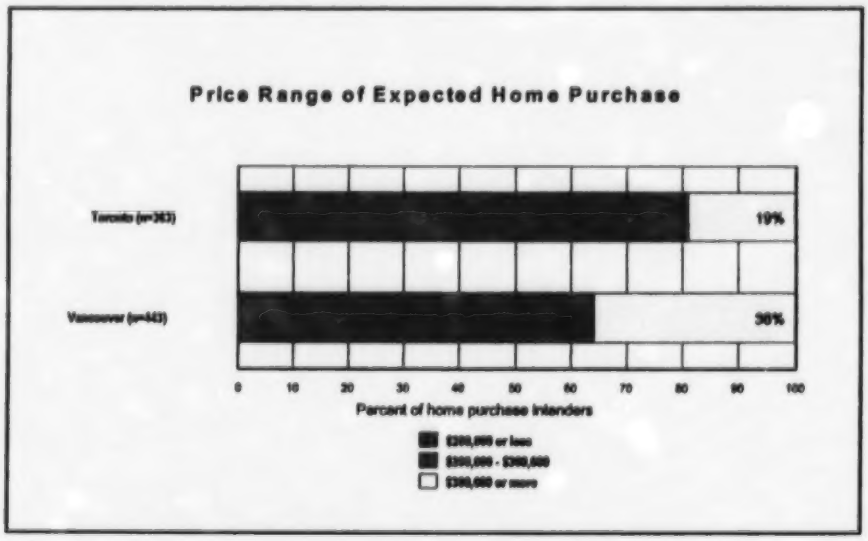
In terms of the price expectations of home buyers, Halifax, Montréal and Edmonton are modestly priced markets, Vancouver or Toronto are high priced markets, and Calgary is in the mid-price range.

Most buyers in Halifax (58%) and Montréal (54%) and many buyers in Edmonton (44%) expect to pay $125,000 or less for their next home. There are only 17% of buyers in Calgary are almost no buyers in Vancouver or Toronto who expect to pay this amount for their next home. About one in five prospective buyers in Halifax (16%), Montréal (21%) and Edmonton (21%) expect to

buy homes at the higher end of these markets (i.e. over $175,000). In Calgary, 41% of buyers expect to pay $175,000 or more.

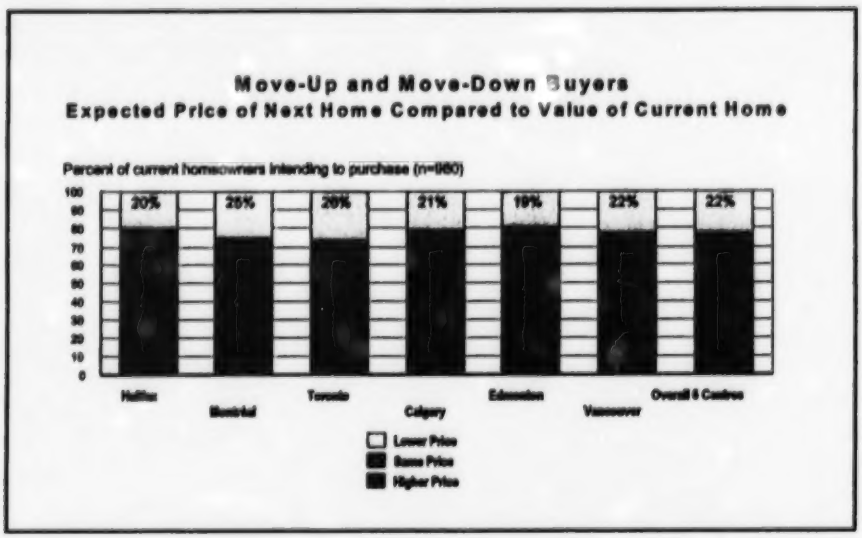
In the higher priced markets of Toronto and Vancouver, most buyers expect to pay more than $200,000 for their next home. In Toronto, 40% expect to spend $200,000 or less, 41% expect to spend between $200,000 and $300,000 and 19% expect to spend more than $300,000. Price expectations are even higher in Vancouver with just 25% expecting to pay $200,000 or less, 40% expecting to pay between $200,000 and $300,000 and more than one-third - 36% - expecting to pay more than $300,000.





Most current homeowners are looking to move up in the housing market

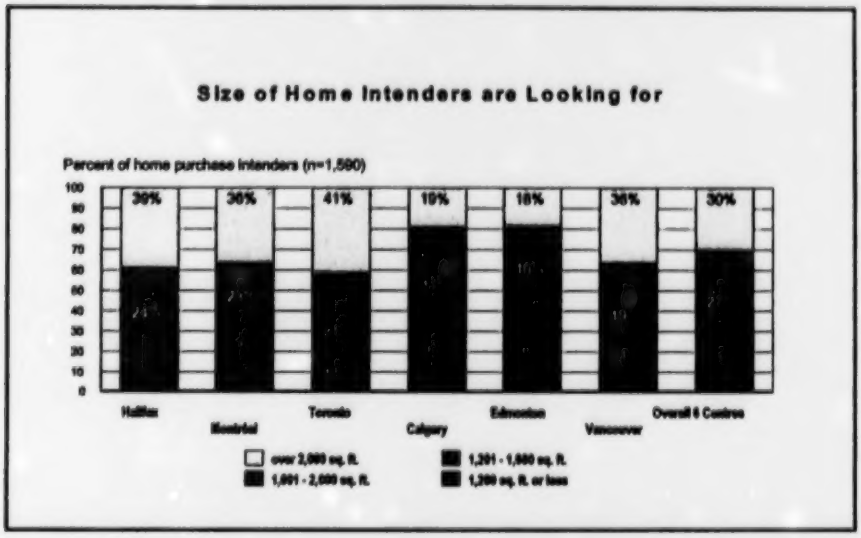
Well over half (59%) of current homeowners who intend to purchase a home expect to be move-up buyers, paying more for their next home than the value of their current home. Halifax (68%) has a higher proportion of move-up buyers while Montréal (46%) has a lower proportion. Overall, just over one in five prospective buyers (22%) expect to pay less for their next home than the value of their current home. Toronto (26%) and Montréal (25%) have relatively more move-down buyers than other centres.



Larger homes of 2,000 sq. ft. and more are preferred in Toronto and Halifax

Across all six centres, 30% of buyers are looking for homes of 2,000 square feet and more. Buyers in Toronto (41%) and Halifax (39%) are the most likely to be looking for these larger homes. Many buyers in Montréal (36%) and Vancouver (36%) also prefer homes of at least 2,000 square feet while buyers in Calgary (19%) and Edmonton (18%) are much less likely to be looking for homes of this size.

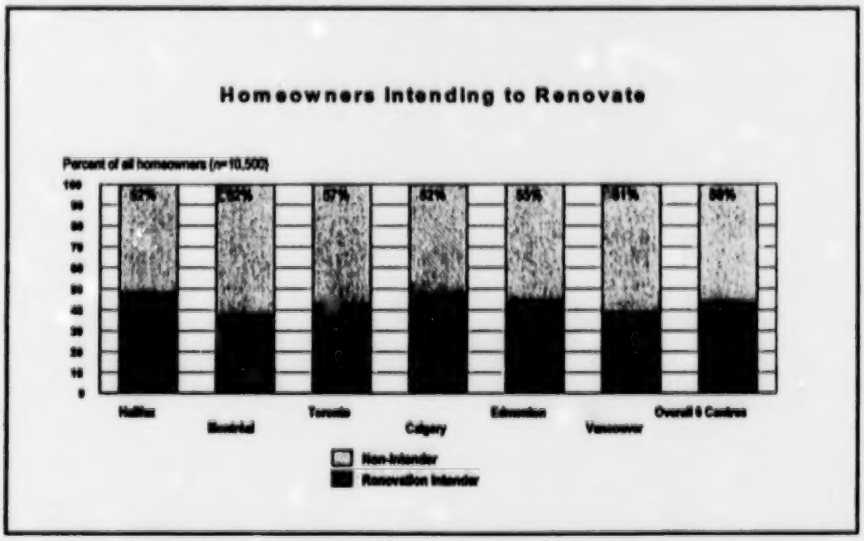
Smaller homes of 1,200 square feet or less are the most popular in Montréal (29%), Edmonton (26%) and Calgary (26%). These smaller homes are preferred by fewer buyers in Halifax (20%) and Toronto (14%).



2. Renovation Intentions

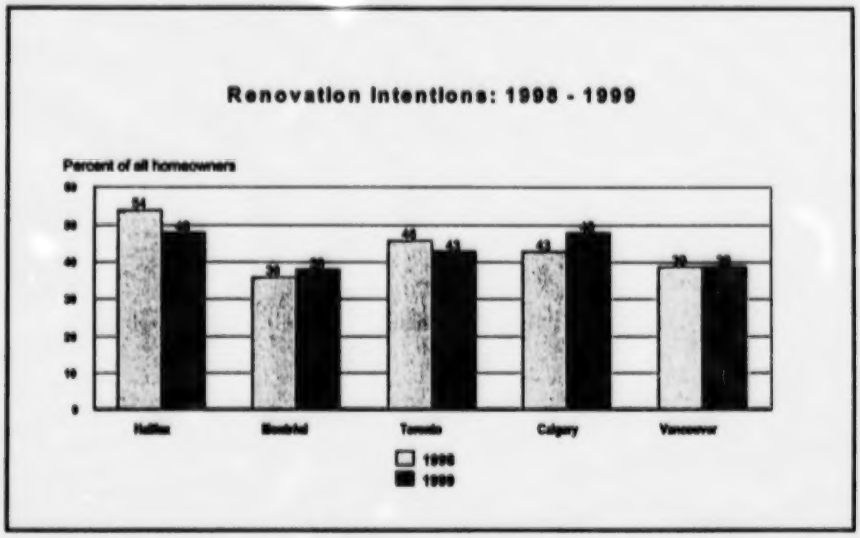
Close to half of homeowners are considering renovations in the next year

Across the six centres, 44% of homeowners are intending to renovate their homes in the next 12 months. Intentions to renovate are high in all markets, ranging from 38% in Montréal to 48% in Halifax and Calgary.



Renovation intentions for 2000 are similar to the intentions reported last year

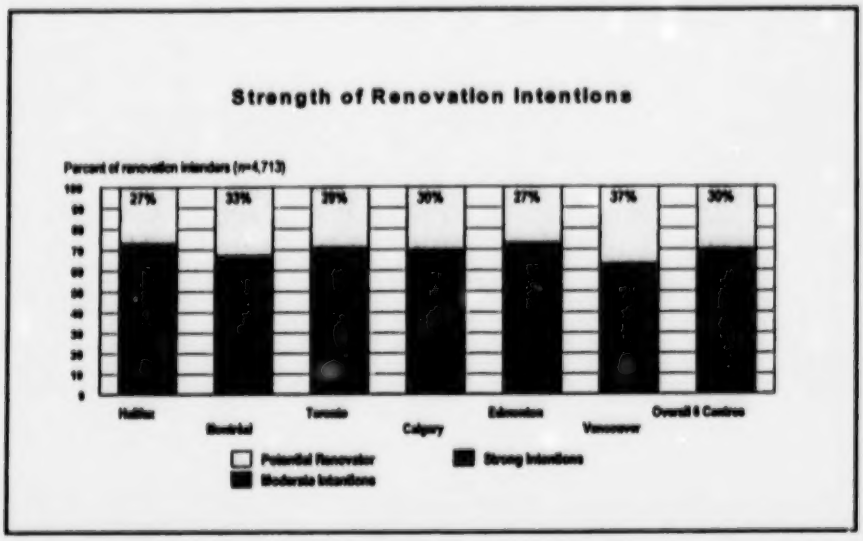
The reported levels of renovation intentions and planning behaviours for the year 2000 are very similar to those reported last year for 1999. In Halifax, the proportion of renovation intenders in the market has decreased slightly from 53% to 48%. In Calgary, the proportion of intenders has increased to 48% from 43%. The changes in the other three markets with 1998 survey data (excluding Edmonton) are within a few percentage points.



Renovation intentions are strong in all markets

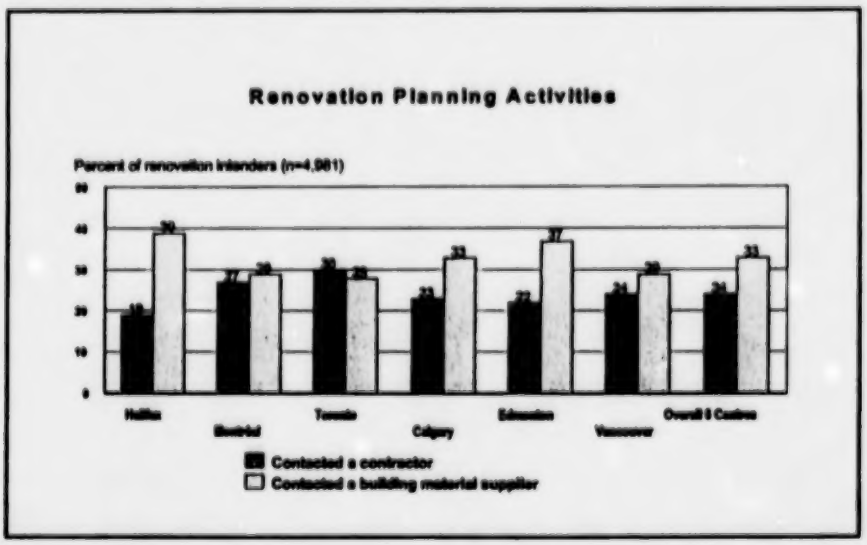
Based on the expressed intentions and renovation planning behaviours of renovation intenders, 39% of homeowners can be defined as having strong renovation intentions, 31% have moderate renovation intentions, and 30% are potential renovators. Translated into percentages of all homeowners, 17.2% have strong intentions, 13.4% have moderate intentions and 13.4% are potential renovators.

The strength of renovation intentions are relatively consistent across the six cities. Among homeowners intending to renovate, those in Halifax (44%) and Toronto (42%) are slightly more likely to have strong intentions to renovate. There are also many in Calgary (40%) and Edmonton (39%) with strong intentions to renovate. In all markets except Vancouver, more than two-thirds of those intending to renovate can be categorized as having at least moderate intentions.

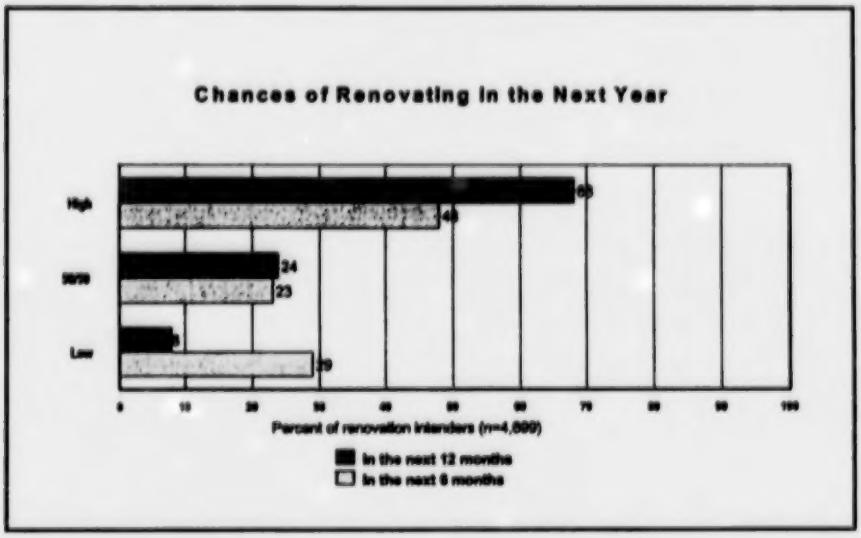


Many renovation intenders have already taken active steps to get their renovations underway

Close to half (43%) of the renovation intenders have taken active steps to undertake their renovations. This includes 24% who have contacted a general renovation contractor and 33% who have contacted a building material supplier (12% have done both). Consultations with renovation contractors are highest in Toronto (30%) and Montréal (27%). Contacts with building material suppliers are highest in Halifax (39%) and Edmonton (37%). Over half (56%) of those who have contacted a building material supplier plan to use at least some contracted help for the work; 46% are do-it-yourselfers. Almost all (93%) of those who have contacted a renovation contractor plan to use at least some professional help for the renovation work.

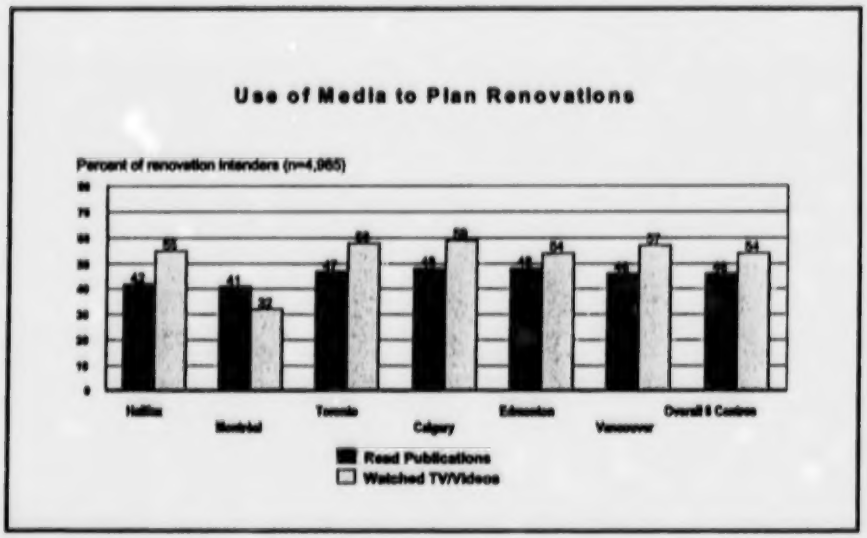


One of the measures used to define the strength of renovation intentions is the homeowner's self-reported likelihood of renovating in the next year. Among the homeowners categorized as renovation intenders, 67% said the chances they will renovate in the next year are high - a percentage that is very similar to the 70% who we categorize as strong and moderate renovation intenders. Another 24% said the chances of renovating in the next year are 50/50 and just 8% said they are low. In the next six months, almost half (49%) said the chances they will renovate are high and another 23% said the chances are 50/50.



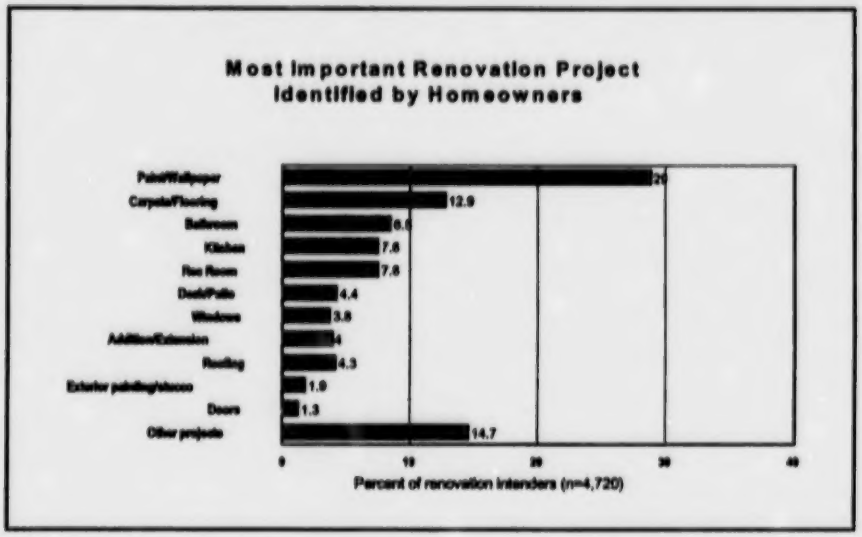
Most have used print and electronic media to plan their renovations

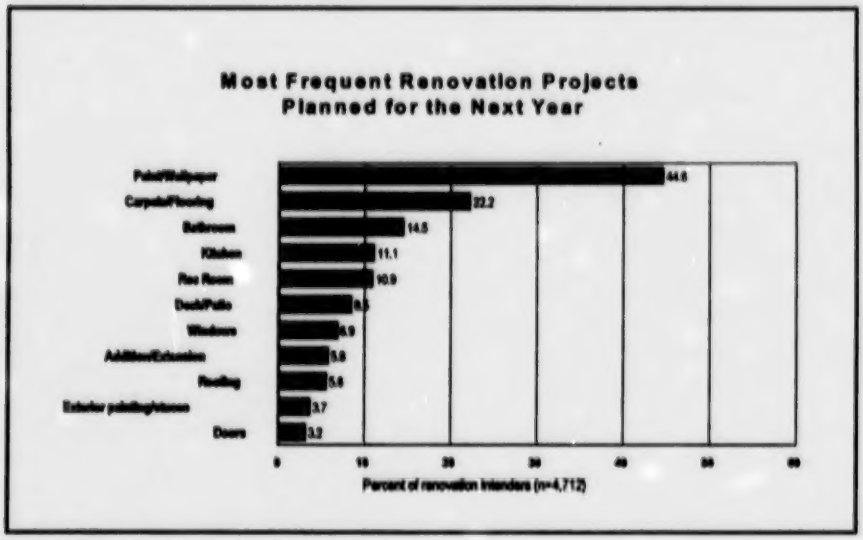
Most renovation intenders (69%) have used one or more types of print and electronic media to plan their renovation projects. This includes 54% who have watched TV programs or videos about renovations and 46% who have read books, magazines and other publications. Almost one-third (31%) have done both. A majority of homeowners have used electronic media in all markets except Montréal, where fewer than one-third (32%) have watched TV or videos to plan their renovations. Use of print media is similar across all markets, ranging from 41% of renovation intenders in Montréal to 48% in Edmonton.



Homeowners are planning both simple interior decorating projects and more substantial renovations

The following graphs present a summary of all planned renovation projects as well as the most important project identified by homeowners. Painting and wallpapering (45%), carpets and flooring (22%), bathroom renovations (15%), kitchen renovations (11%) and recreation room conversions or additions (11%) are the most frequently planned projects. These projects are also the most important ones identified by homeowners.





Following are some of main characteristics of the renovation activity profile for each of the six cities surveyed.

Halifax - While Halifax has a higher percentage of homeowners planning to renovate than most other major centres, renovators are planning to spend slightly less than in other centres and to undertake slightly fewer of the major types of renovation projects: 20% are planning flooring projects, 13% are planning bathroom renovations, 9% are planning kitchen renovations, and 8% are planning rec room additions or conversions. More Halifax renovators identified decks and patios (6%) as their most important project than those in other centres.

Montréal - Renovation intentions and planned expenditures are somewhat lower in Montréal than in the other centres: 14% are planning flooring projects, 13% are planning bathroom renovations, 7% are planning kitchen renovations, and 7% are planning rec room additions or conversions. More Montréal renovators identified painting and wallpapering (33%) as their most important project than those in other centres

Toronto - Compared to other centres, slightly fewer Toronto renovators are planning to undertake flooring projects (19%) while slightly more are planning bathroom renovations (16%). Similar proportions are planning kitchen (11%) and rec room renovations (12%). The profile of the most important projects identified by renovators in Toronto is very similar to the national summary presented in the preceding graph on page 15.

Edmonton - Among Edmonton homeowners intending to renovate, higher proportions are planning to undertake major renovation projects than in most other centres: 26% are planning flooring projects, 14% are planning both kitchen and bathroom renovations, and 13% are planning rec room additions or conversions. A high proportion of Edmonton renovators also identified rec room additions or conversions (10%) as their most important project.

Calgary - Calgary homeowners planning to renovate are the most likely to be planning flooring projects (28%) and rec room additions or conversions (16%). A high proportion are also planning bathroom renovations (16%) while the proportion planning kitchen renovations (11%) is about average for all six centres. A high proportion of Calgary renovators identified flooring (16%) and rec room additions or conversions (10%) as their most important project.

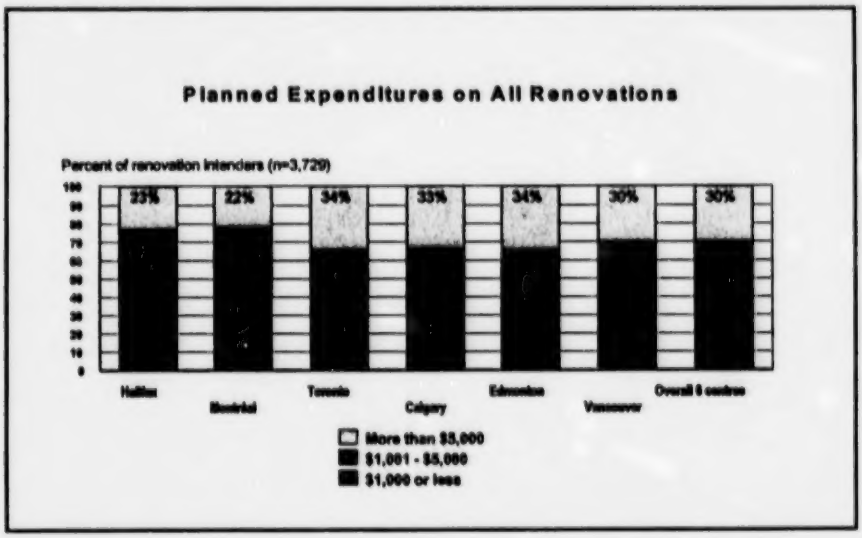
Vancouver - Vancouver homeowners intending to renovate are the most likely to be planning painting and wallpapering projects (49%). Many are also planning flooring projects (23%), bathroom renovations (15%) and kitchen renovations (13%). Fewer Vancouver renovators than in other centres are either planning rec room additions or conversions (7%) or identified this as their most important project (4%).

Almost one-third of the homeowners renovating will spend more than $5,000

Over two-thirds of renovation intenders (70%) expect to spend more than $1,000 on their renovation projects and almost one-third (30%) will spend more than $5,000. Just under one-third (30%) will spend $1,000 or less, mostly on simple interior decorations.

Most of the planned expenditures will be for the most important project, with 69% expecting to spend more than $1,000 and 19% expecting to spend more than $5,000 on their most important renovation project. The renovation projects on which homeowners are most likely to spend more than $5,000 are room additions/extensions (56%), rec room additions/conversions (40%), kitchen renovations (45%), bathroom (25%), and roofing projects (21%).

Toronto (34%), Edmonton (34%), Calgary (33%) and Vancouver (30%) renovators are the most likely to be planning to spend more than $5,000. Montréal (22%) and Halifax (23%) renovators are less likely to spend more than $5,000.

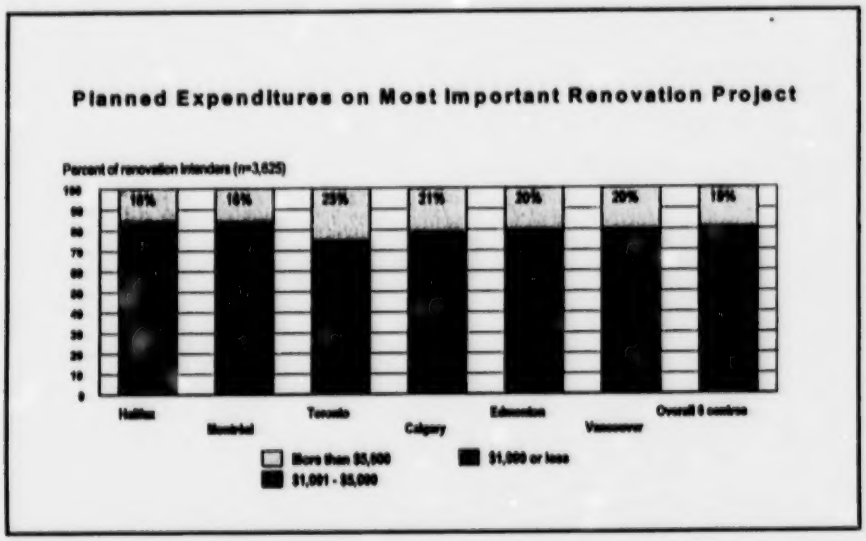


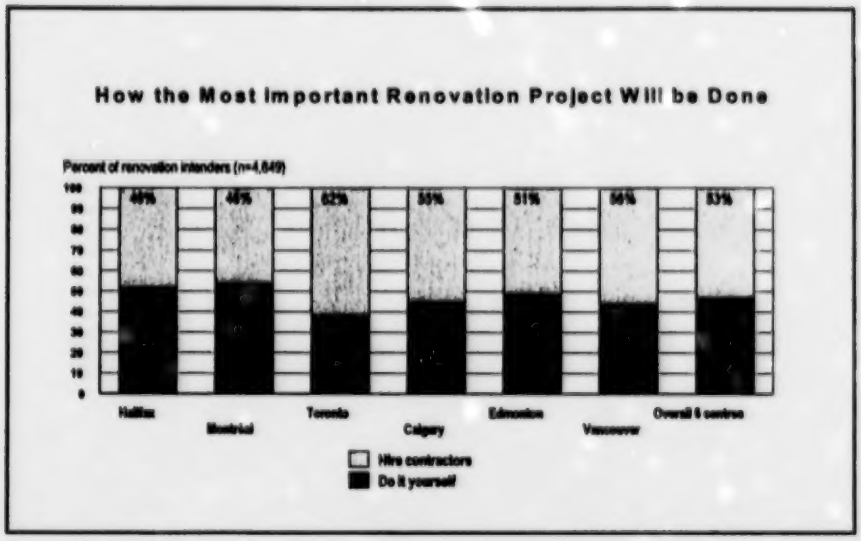
Over half of homeowners renovating will hire trades and contractors

Over half (53%) of the homeowners planning renovations in the next year will hire professionals such as skilled trades and renovation contractors to perform at least some of the work. About one in five (19%) partial do-it-yourselfers will hire contracted help to do some of the renovation work. Almost one-third will hire either skilled trades (14%) or a general renovation contractor (14%) to do all of the work.

Projects for which homeowners are most likely to hire skilled trades or a general renovation contractor to do all of the work are roofing (63%), windows (62%), carpets/flooring (41%), doors (40%), exterior painting/stucco (37%), kitchen (35%), and bathroom (30%).

The do-it-yourself segment also represents a significant portion of the renovation market, with 47% of all homeowners planning to undertake their renovations on their own. While about half of these "most important" projects are painting and wallpapering (47%), do-it-yourselfers are also planning to undertake flooring (8%), rec room (7%), bathroom (7%), and kitchen (5%) projects.




How the Most Important Renovation Project Will be Done
Percent of renovation intenders (n=4,849)
49%
48%
62%
55%
51%
56%
53%
Halifax
Montréal
Toronto
Calgary
Edmonton
Vancouver
Overall 6 centres
Hire contractors
Do it yourself